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Inter-provincial Employees in Canada

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.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
p	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the *Statistics Act*
E	use with caution
F	too unreliable to be published
*	significantly different from reference category ($p < 0.05$)

Inter-provincial Employees in Canada

by Christine Laporte and Yuqian Lu

This article in the *Economic Insights* series presents new evidence on inter-provincial paid employment in Canada. It provides detailed information by province of residence and province of work. This article supplements the research paper *Inter-provincial employees in Alberta*, by Christine Laporte, Yuqian Lu, and Grant Schellenberg.

Every year, workers leave their employers in search of better job opportunities, and employers adjust the size of their workforce in response to numerous economic factors. As part of this labour adjustment process, some individuals and their families move to a different location within the same province/territory. Others move permanently to other provinces/territories. A third group—inter-provincial employees—maintains a permanent residence in a given province/territory while working in a different province/territory. Although inter-provincial employees have played an increasingly important role in Canada in recent years, relatively little is known about them. Using novel administrative data, new research fills this gap and documents for the first time the number, origin, and destination of inter-provincial employees throughout much of the 2000s.

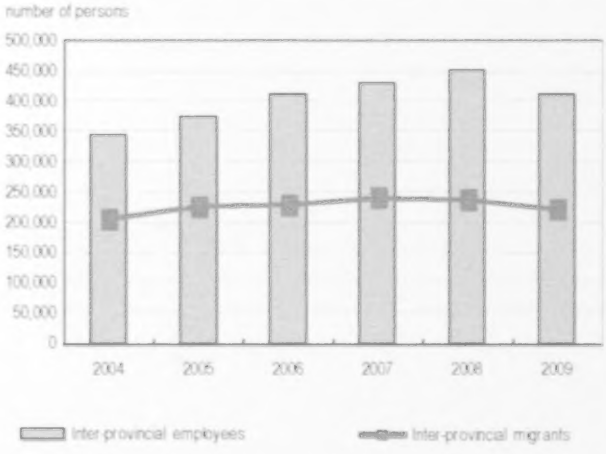
Growing number of inter-provincial employees from mid- to late 2000s

Although still a relatively small segment of the overall Canadian labour force, the number of inter-provincial employees has grown in recent years. In 2004, about 345,000 Canadians had paid employment in a province/territory other than their province/territory of permanent residence. The number of such workers increased to a peak of roughly 453,000 in 2008 before declining to 412,000 in 2009 (Chart 1).[1]

Each year, the total number of inter-provincial employees exceeded the number of inter-provincial migrants—individuals who changed province/territory of residence from one year to the next—by at least 140,000.[2]

Close to 60% of the total 67,000 increase in the number of inter-provincial employees from 2004 to 2009 can be attributed to Alberta. As a result of strong economic growth driven partly by higher oil prices, the number of inter-provincial employees working in Alberta grew by about 39,000 during that period (Chart 2). From 2004 to the peak in 2008, the number of inter-provincial employees in Alberta almost doubled.

Chart 1
Inter-provincial employees in Canada



Note: Preliminary estimates for 2008 and 2009.
Source: Statistics Canada, Inter-provincial Workforce Database and CANSIM table 51-0018.

1. The total number of individuals aged 18 or older who received paid employment income in 2009 was 16.2 million. Inter-provincial employees (412,000) represented 2.5% of employees in Canada that year.
2. Of all inter-provincial employees observed in a given year, about one-half became inter-provincial employees in that year. This implies that the flow of inter-provincial employees is comparable to the flow of inter-provincial migrants.

Note: This article uses data from the Inter-provincial Workforce Database (IWD). The IWD combines information from four different administrative data sources: (1) T4 files (*Statement of Remuneration Paid*); (2) the T1 Family File (T1FF); (3) the T1 Historical (T1H) File; and (4) the Longitudinal Employment Analysis Program (LEAP). Inter-provincial employees are defined as those who received wages and salaries (as reported on the T4) in a given province/territory in a given year but who stated on their T1 tax returns to be residing in another province or territory that year (excluding inter-provincial out-migrants). The data consist of employees aged 18 or older (matched to the T1FF or the T1H File) whose annual earnings from all paid jobs equal at least $1,000 (in 2002 dollars) in a given year. Because the T1H File is available up until 2007, province/territory-specific adjustment factors are used to derive preliminary estimates for 2008 and 2009. These estimates are used to identify general trends, but caution should be exercised when interpreting small variations from one year to the next.

Manitoba and Saskatchewan also posted strong increases in inter-provincial employment. From 2004 to 2009, the number of such employees working in these two provinces grew by 33% and 41%, respectively, compared to about 20% overall in Canada.

Most inter-provincial employees work in Ontario and Alberta

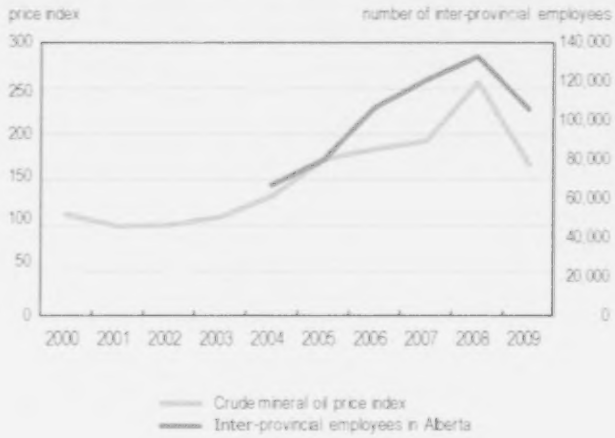
Given the relatively large size of its economy, Ontario was the most frequent destination for inter-provincial employees. In 2009, about 134,000 inter-provincial employees, or about one-third of the national total, worked in the province (Table 1).

Alberta was the second-most-frequent destination, with one-quarter of inter-provincial employees working in that province in 2009. This was up from 19% in 2004.

The strong increase in world commodity prices during the 2000s and resulting GDP growth also likely underlie part of Saskatchewan's growing importance as a destination for inter-provincial employees. In 2009, this province received close to 5% of inter-provincial employees, up from 4% in 2004. Manitoba, Newfoundland and Labrador, Yukon, and Nunavut experienced increases in the share of inter-provincial employees received within their borders that ranged from 0.1 to 0.4 percentage points. All other provinces saw their shares of inter-provincial paid employment drop or change little from 2004 to 2009.

In 2009, about 11% of all inter-provincial employees worked in each of Quebec and British Columbia. Overall, the four biggest provinces—Ontario, Quebec, Alberta, and British Columbia—together received about four-fifths of all inter-provincial employees that year. Collectively, the Atlantic Provinces—led by Nova Scotia—received about 10% of all inter-provincial employees.

Chart 2
Crude mineral oil price index and number of inter-provincial employees in Alberta, 2000 to 2009



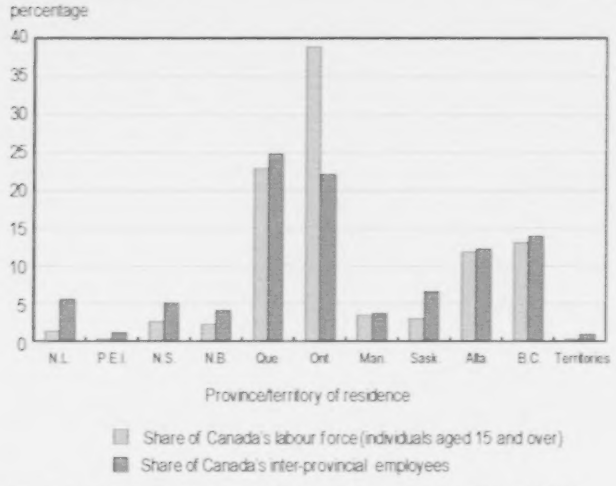
Note: Preliminary estimates for 2008 and 2009.
Source: Statistics Canada, Inter-provincial Workforce Database and CANSIM table 330-0007.

Table 1
Provinces/territories receiving inter-provincial employees, 2004 to 2009

	N.L.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Y.T.	Nvt.
							counts						
2004	4,138	3,265	17,765	12,094	46,249	125,169	11,100	14,364	67,333	40,828	6,563	1,593	2,635
2005	4,902	3,043	18,119	13,069	48,048	134,599	11,566	15,608	79,895	44,806	7,045	1,762	2,648
2006	5,371	3,727	18,327	14,231	51,232	135,926	11,985	16,662	106,726	49,244	7,253	1,997	2,398
2007	5,440	3,636	18,551	14,763	51,373	136,747	12,935	17,063	120,704	49,740	8,516	2,454	2,766
2008	6,202	3,457	18,194	15,674	50,549	140,771	14,260	19,696	133,061	51,287	8,320	2,507	3,393
2009	5,497	3,397	17,162	14,636	49,822	134,243	14,782	20,313	105,876	45,347	5,917	2,376	3,563

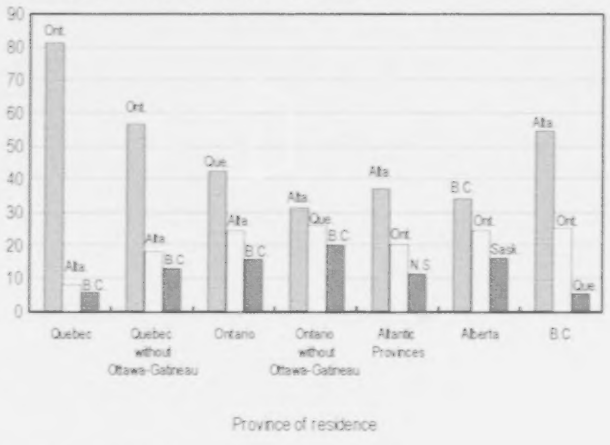
Note: Preliminary estimates for 2008 and 2009.
Source: Statistics Canada, Inter-provincial Workforce Database.

Chart 3
Distribution of inter-provincial employees and labour force, by province/territory of residence, 2009



Source: Statistics Canada, Inter-provincial Workforce Database and CANSIM table 282-0055.

Chart 4
Inter-provincial employees' work destinations, by province of residence, 2007



Source: Statistics Canada, Inter-provincial Workforce Database.

Proximity and provincial differences in economic activity two drivers of inter-provincial paid employment

Throughout the period from 2004 to 2009, Quebec sent the largest number of inter-provincial employees to other provinces. In 2009, about 102,000 inter-provincial employees came from Quebec (Table 2), accounting for almost 25% of the total that year (Chart 3). Ontario ranked second as a sending province, providing about 91,000 inter-provincial employees, or 22% of the total.[3]

Even though they accounted for roughly 7% of Canada's labour force in 2009, the Atlantic Provinces together sent 16% of all inter-provincial employees, thereby ranking third as place of residence for this type of worker. Like Saskatchewan and the three territories, most of the Atlantic Provinces provided proportionately at least twice as many inter-provincial employees as labour force members. In fact, all provinces and territories except Ontario provided proportionately more inter-provincial employees than labour force participants, a pattern that was fairly stable throughout the period.

Inter-provincial employees likely considered several factors when selecting their employment location. Proximity to a large labour market was likely a determinant one. This can be seen, for instance, in the significant movements of inter-provincial employees between the neighboring provinces of Quebec and Ontario (Chart 4). As expected, the Ottawa-Gatineau region accounted for a significant share of inter-provincial employment between these two provinces.[4] In 2007, about 81% of inter-provincial employees living in Quebec worked in Ontario. However, this proportion dropped to 57% when attention is restricted to Quebec-based inter-provincial employees living outside the Ottawa-Gatineau region. Likewise, the proportion of Ontario-based inter-provincial employees who worked in

Table 2
Provinces/territories sending inter-provincial employees, 2004 to 2009

	N.L.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Y.T.	Nvt.
							counts						
2004	17,579	3,631	16,124	14,133	91,640	69,138	13,305	24,255	46,487	43,629	1,745	1,808	1,587
2005	19,481	4,028	18,663	16,485	96,354	72,822	15,232	26,540	52,980	47,046	1,828	1,896	1,050
2006	23,083	5,000	21,448	17,865	100,282	84,478	16,160	29,899	58,396	51,428	1,823	1,997	977
2007	25,047	5,265	23,035	19,648	104,154	90,299	16,408	30,473	56,479	55,940	1,917	2,010	980
2008	26,817	5,505	24,550	20,071	106,194	95,797	16,830	31,214	59,318	61,426	1,863	1,956	1,287
2009	22,473	4,845	21,560	17,106	102,073	90,916	14,719	26,877	50,286	57,169	1,555	1,763	860

Note: Preliminary estimates for 2008 and 2009.

Source: Statistics Canada, Inter-provincial Workforce Database.

3. Summing the numbers in Table 2 across provinces and territories for a given year yields smaller totals than for Table 1 because some inter-provincial employees work in two or more provinces other than their province/territory of residence in a given year.

4. Along with the proximity of the two aforementioned cities, the presence of the federal government in the Ottawa-Gatineau region is likely an important factor of inter-provincial paid employment.

Quebec dropped from 42% to 26% when the Ottawa-Gatineau region was excluded.[5] Proximity also mattered for inter-provincial employees residing in Alberta: half of them chose to work in the neighboring provinces of British Columbia or Saskatchewan in 2007.

If proximity to a larger labour market were the only factor underlying the employment location choices of inter-provincial employees, those living in the Atlantic Provinces would have favoured other Atlantic Provinces, Quebec, and Ontario over the Western provinces as their main provinces of employment.[6] Chart 4 shows that this was not the case. Alberta was the most frequent destination of the inter-provincial employees coming from the Atlantic Provinces in 2007, providing employment for 37% of these workers. Ontario came next as it provided employment for one-fifth of these workers. The predominance of Alberta as a province of employment for inter-provincial employees from the Atlantic Provinces suggests that provincial differences in employment opportunities, wages, and fringe benefits also influence workers' decisions to become inter-provincial employees.

Summary

Every year, thousands of workers adjust to changing labour markets by moving to new locations within provinces/territories, migrating to other provinces/territories, or becoming inter-provincial employees, that is, maintaining a permanent residence in a province/territory while having paid employment in a different province/territory. Between 2004 and 2009, most of the growth in inter-provincial paid employment occurred in Alberta and coincided with rising oil prices and growing economic activity in that province. This finding suggests that, along with inter-provincial migration, inter-provincial paid employment contributed to reducing labour shortages in some sectors in this province. Consistent with the view that workers respond to economic opportunities, inter-provincial employees appear to have selected their province/territory of employment according to both proximity to a larger labour market and provincial differences in employment opportunities.

References

This article in the Economic Insights series is related to research carried out by the Social Analysis Division of Statistics Canada. For more information, please see:

Laporte, C., Y. Lu, and G. Schellenberg. 2013. *Inter-provincial Employees in Alberta*. Analytical Studies Branch Research Paper Series, no. 350. Statistics Canada Catalogue no. 11F0019M. Ottawa: Statistics Canada.

5. Like the Ottawa-Gatineau region, the municipality of Lloydminster is conducive to high levels of inter-provincial paid employment since it spans the Alberta-Saskatchewan border.

6. Language considerations may also play a role. If most inter-provincial employees coming from the Atlantic Provinces speak English but not French—an assumption that cannot be examined with the data used in this study—the probability of their working in Quebec will likely be lower than their working in Ontario.